



As Darkness Covers the Globe: a Bright Spot in San Jose

Posted by [Pierluigi Oliverio](#) on Monday, October 13, 2008

While the economic morass commands the headlines, there is a bright spot in San Jose. Specifically, south San Jose, in Edenvale.

Last week, I attended a ribbon-cutting for CTS Electronics Manufacturing Services. They are an outsourced manufacturing company for companies that design electronic equipment like networking equipment. CTS competes against large multinational companies like Flextronics and Sanmina.

Much of this manufacturing has gone overseas for lower labor and material costs. However, due to the increase in the price of oil, the shipping and logistics costs have made it more sensible to build here vs. China for some companies. Plus, their customers do not have to travel around the globe to visit their outsourced manufacturing facilities—and especially for medical devices, the USA still has better quality.

CTS moved from Santa Clara to San Jose. CTS has 376 employees at their new facility, with 25 open positions. I asked the person in charge of the new facility where most of the employees of CTS lived. His answer was that most of the people live in south San Jose. Great! Fewer San Jose residents driving North.

There was some assistance provided from the Redevelopment Agency (RDA) that will allow CTS to receive up to \$500,000 towards the purchasing of manufacturing equipment. Also, the City of San Jose's Office of Economic Development is pursuing funding on behalf of CTS from the State of California Employment Training Panel for up to \$100,000, to help train new workers.

I wondered about the \$500,000 from RDA for equipment in proportion to their total spend on equipment.

On a touring the manufacturing floor, I saw seven production lines. Each production line makes a specific product for its customer, and each line requires \$1 million in manufacturing equipment—therefore \$7 million in manufacturing equipment. Plus there is room to expand for another three lines. In addition they spent \$3 million in tenant improvements on the new facility.

Just next door to CTS was the new Snap-On Diagnostics building. They recently moved from Senter Road in San Jose to South San Jose with more than 100 employees. And, on the other side of CTS is NDS Surgical, a medical device company that moved from Morgan Hill with almost 200 employees.

Incidentally, both Snap-On Diagnostics and NDS Surgical use local outsourced manufacturing in San Jose and Fremont. Also both Snap-On and NDS Surgical generate sales tax since their products are physical objects.

Economic development needs to be the key focus of the Redevelopment Agency with each company and building receiving appropriate time and consideration so that they can provide jobs, grow and in some cases, provide taxes to the City.

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